



ARKANSAS
Department of Environmental Quality

April 5, 2011

Mr. Ronnie White
Tax Collector for Phillips County
Post Office Box 450
Helena, Arkansas 72342

Re: Delinquent Property Taxes for Parcel Numbers: 001-07050-000, 001-07089-000,
and 001-07090-001

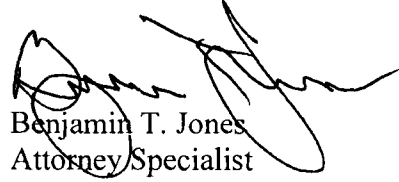
Mr. White:

I am writing in regards to the 2010 Tax Statement my office received for the above listed parcel numbers. The statement showed that the 2008 property taxes were delinquent. When I called your office about these taxes I was informed that the 2009 property taxes were delinquent as well. I further reviewed the situation and determined that the parcels of land listed above are not subject to property tax. These parcels are held by the Cedar Chemical Corporation Ownership Trust (hereinafter "Trust"). For your convenience I have attached a copy of the court order that created the Trust to this letter. The Trust was created under the authority of Ark. Code Ann. § 28-72-201 *et seq.* Section 28-72-207 states "[f]or all purposes of taxation under the authority of the state or any of its governmental or taxing subdivisions, the trust estate and its revenues shall have the same immunities as other property and revenues of the beneficiary or beneficiaries not so in trust." The beneficiary of the Trust is the State of Arkansas. All real and personal property of the State of Arkansas is exempt from taxation under Ark. Code Ann. § 26-3-301(4).

The parcels held by the Trust are to be taxed like other real property owned by the State of Arkansas. As such, the parcels are exempt from property taxation. The parcels were placed into the Trust by redemption deeds issued in 2008. Since the parcels held by the Trust are exempt from property taxation then no property taxes should have accrued for these parcels for 2008 and 2009. Property taxes should not accrue on the parcels as long as they are held by the Trust with the State of Arkansas as the beneficiary. Given the facts and law I have provided to you I respectfully request that you clear the property taxes due for 2008 and 2009 and not allow any additional property taxes to accrue on the parcels while the parcels are held by the Trust. If you have any questions or would like to discuss this matter further please feel free to contact me at (501) 682-0889. I thank you for your time and consideration of this matter.

Sincerely,

Arkansas Department of Environmental Quality

A handwritten signature in black ink, appearing to read 'Benjamin T. Jones', is written over the printed name.

Benjamin T. Jones
Attorney Specialist
Legal Division of
ADEQ

enclosure

IN THE CIRCUIT COURT OF PHILLIPS COUNTY, ARKANSAS
CIVIL DIVISION

In Re: The Cedar Chemical Corporation
Property Ownership Public Trust

No. CV-2006-330

ORDER ESTABLISHING A PUBLIC TRUST

Comes now to be heard this 27th day of September, 2006, the above styled
Petition, and the Petitioner, State of Arkansas, Department of Environmental
Quality (ADEQ), appearing by and through its attorney, William G. Snowden, and
from the record herein, the argument of counsel and other matters before the court,
the court doth find:

1. Petitioner is a department of the State of Arkansas and charged by law
with the enforcement of the environmental laws of this State.

2. In the natural course of its affairs, Petitioner was vested with control of
the Cedar Chemical Corporation plant site located in Phillips County, Arkansas, by
an Order of the United States Bankruptcy Court for the Southern District of New
York in case number 02-11039, a copy of which is attached to the Petition as
Exhibit "A".

FILED
At 3:10 O'Clock PM
SEP 27 2006
WANDA W. MCINTOSH,
PHILLIPS COUNTY CIRCUIT CLERK
By W D.C.

3. The lands at issue herein are situate in Phillips County, Arkansas, lying at or near Highway 242 South, West Helena, Arkansas and therefore this court has jurisdiction over the subject matter (A.C.A. § 16-13-201(a)) and venue is proper in this court (A.C.A. § 16-60-116(a)).

4. The creation of a public trust is authorized by A.C.A. § 28-72-201, et seq., and is sought in this matter to facilitate the transfer of the plant site property to new ownership while the remediation of the site is underway. Specifically, it is a concern of the State that upon the conclusion of the Cedar bankruptcy the corporate entity will cease to exist. Therefore, the creation of this public trust will permit the transfer of ownership while the corporate entity is viable.

5. The beneficiary of this public trust will be the State of Arkansas, Department of Environmental Quality (ADEQ), to the extent that it seeks to recoup its expenses for the operation of the plant since the date of the bankruptcy court order and will continue to accrue up to and including the date of the sale to a purchaser at some time in the future.

6. Should the State recoup its expenses from another source prior to the sale, the Trustee should be directed and authorized to seek the fair market value for the sale of the site or other such value as may be determined to be reasonable by the beneficiary and the court with the proceeds paid into the Remedial Action Trust Fund.

7. Should a prospective purchaser appear, the purchaser shall be subject to the approval, first, of ADEQ, and second, by the court. The property shall not be sold without the express approval of the court and such restrictions on use or other environmental or other restrictive covenants placed in the deed as ADEQ may deem necessary.

8. The Petitioner has proposed that the court appoint Mr. Brad J. Beavers, Attorney at Law, of Forrest City, Arkansas, as Trustee. His acceptance of appointment is attached to the Petition as Exhibit "B". The court finds Petitioner's arguments persuasive and agrees with the selection.

9. That the Trustee should be charged and authorized to administer the site in such a way as to benefit the people of Phillips County and the citizens of the State by securing jobs and gainful employment by selling or leasing the site and by also facilitating the remediation of the site by responsible parties. The Trustee shall collect all rents, lease payments, purchase payments, or any other income from the site and shall furnish to the beneficiary and the court a true accounting of the same on an annual basis. The Trustee shall also perform any other duties as may be necessary to effectuate the purposes of this Trust. Any lease of the site or sale of fixtures or other equipment thereon shall only be upon the express approval of ADEQ.

10. As required by A.C.A. § 28-72-202, the Governor of the State has accepted the beneficiary interest created, or to be created, by this Trust and his acceptance is attached to the Petition as Exhibit "C".

11. That this court should retain continuing jurisdiction of this matter for further actions as may be required.

IT IS, THEREFORE, ORDERED DECREED AND ADJUDGED:

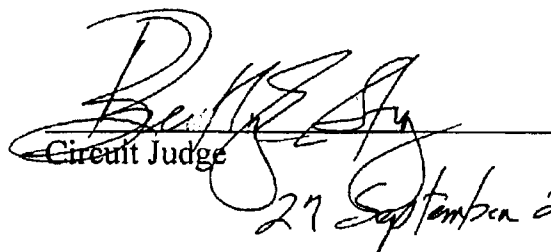
1. That pursuant to the laws of the State of Arkansas, to wit: A.C.A. § 28-72-201 et seq., a public trust, to be known as the Cedar Chemical Corporation Public Ownership Trust (C3PO Trust), shall be, and the same hereby is, created with the State of Arkansas as the named beneficiary;

2. That the court hereby appoints Mr. Brad J. Beavers, Attorney at Law, of Forrest City, Arkansas, as Trustee;

3. That the Trustee shall have those powers and duties enumerated hereinabove and as set forth in the Petition;

4. That the court shall retain continuing jurisdiction of this matter for such further actions as may be required.

GIVEN UNDER MY HAND AS JUDGE, this day and date first hereinabove mentioned and set forth.


Circuit Judge
27 September 2006